



# STATE OF CONNECTICUT

## DEPARTMENT OF PUBLIC UTILITY CONTROL

### THE COMMERCE COMMITTEE

#### House Bill 6457: AAC THE REVIVAL OF APPROVED ECONOMIC ASSISTANCE AND ENCOURAGEMENT OF ECONOMIC COMPETITIVENESS

March 1, 2011

#### TESTIMONY OF THE DEPARTMENT OF PUBLIC UTILITY CONTROL

The Department of Public Utility Control, (Department) appreciates the opportunity to comment on House Bill No. 6457. As The Department interprets this proposal, House Bill No. 6457 would amend current law with respect to the customer-side distributed generation, (DG) award program established pursuant to Public Act 05-01, by striking the requirement that grants be nonrecurring. As such, the Department would be permitted to give additional grants to customers that have already received a grant.

It may be helpful for the Committee to be aware that the original grants for DG projects created an overwhelming response from distributed generation facilities. The Department approved 235 projects totaling \$155.5 million. To date 129 projects with a total cost of \$ 54 million have been built and are now operational.

This program was first conceived when Connecticut was facing a capacity shortfall, and as stated above, has been quite successful. As a result of the addition of these projects and other generation additions coupled with lower demands on our state's electric load, our capacity situation is now one of surplus. This has correspondingly decreased the need for, and the value of, new capacity. In Docket No. 05-07-17RE02, issued on March 18, 2009, the Department determined the program was no longer cost effective and closed the program to any further new applications.

Presently, the Department is monitoring the performance of the DG projects that are currently operational. The combined heat and power (CHP) projects have generally been working as anticipated. The demand response projects, ie. emergency generators, did not provide the necessary energy or forward reserves cost benefits to justify continuation. The program for those units was the first to be cancelled in Docket No. 05-07-17RE01, dated September 25, 2007, retroactive to July 25, 2007.

In conclusion, the DG program was an idea for its time and was beneficial in helping customers lower their costs while also serving the state's capacity needs. The Committee may want to consider capping the funding and or establishing a sunset provision for this program so that it achieves some cost effectiveness or it may wish to reconsider whether allowing for additional grants to past award recipients is necessary at this time.

The Department thanks the Committee for this opportunity to provide testimony and looks forward to working with the Committee on this matter.